



## **Lihua International's Cash Balances Confirmed Through Independent Forensic Accounting Review**

***Cash and Cash Equivalents of \$90.6 Million and \$90.7 Million as of December 31, 2010 and March 31, 2011, Respectively, Verified by John Lees Associates***

**Danyang, China – August 4, 2011 – Lihua International, Inc. (Nasdaq: LIWA)** ("Lihua" or the "Company"), a leading Chinese developer, designer, and manufacturer of low cost, high quality alternatives to pure copper products, including refined copper products and superfine and magnet wire, as well as copper clad aluminum ("CCA") wire, today announced that the Audit Committee of its Board of Directors (the "Audit Committee") engaged John Lees Associates ("JLA"), an independent firm with forensic accounting and due diligence expertise, to conduct an independent review of the Company's cash balances as of December 31, 2010 and March 31, 2011. JLA was engaged on 18 July 2011, and commenced its review of the Company's cash balances on 26 July 2011, under the supervision of the Audit Committee.

JLA confirmed that as of December 31, 2010 and March 31, 2011, Lihua had cash and cash equivalents totaling \$90,609,340 and \$90,701,985, respectively, held with eight PRC and overseas financial institutions. These totals are consistent with the cash balances reported by Lihua in the Company's annual report on form 10-K for the year ended December 31, 2011 and quarterly report on form 10-Q for the period ended March 31, 2011. JLA's verification procedures included a detailed review of the Company's bank statements, bank account reconciliation records, and cash ledgers for periods beginning prior to the first verification date and continuing past the second verification date. Additionally, the staff of JLA directly obtained copies of bank statements and bank account activity ledgers for the relevant time periods from regional branch offices of the seven PRC financial institutions with which the Company has account relationships; these regional branch offices are located in a different area of the region where the Company's local branch accounts were opened and are maintained.

"The Audit Committee undertook this independent review of the Company's cash balances with the assistance of JLA as a proactive step, given the recent concern over the financial integrity and corporate governance practices of Chinese companies listed in the United States," said Robert Bruce, Chairman of the Audit Committee. "JLA's extensive experience with forensic accounting, due diligence and banking and regulatory procedures in China provided the Audit Committee with a high degree of confidence that their verification process would be thorough and accurate."

### **About Lihua International, Inc.**

Lihua, through its two wholly-owned subsidiaries, Lihua Electron and Lihua Copper, is a leading value-added manufacturer of copper replacement products for China's rapidly growing copper wire and copper replacement product market. Lihua is one of the first vertically integrated companies in China to develop, design and manufacture lower cost, high quality alternatives to pure copper magnet wire and pure copper alternative products. Lihua's products include CCA and pure copper products. Current product offerings include CCA and copper wire, copper rod and copper anode. Except for CCA wire, all other products are produced from recycled scrap copper. Lihua's products are sold in China either directly to manufacturers or through distributors in the wire and cable industries and manufacturers in a wide variety of industries including the consumer electronics, white goods, automotive, utility, telecommunications and specialty cable industries. Lihua's corporate and manufacturing headquarters are located in the heart of China's copper industry in Danyang, Jiangsu Province. For more information, visit: <http://www.lihuaintl.com>.

To be added to the Company's email distribution for future news releases, please send your request to [lihua@tpg-ir.com](mailto:lihua@tpg-ir.com).

### **About John Lees Associates**

John Less Associates ("JLA"), with offices in Hong Kong, Macao and Shenzhen, offers a wide spectrum of forensic, transactional, turnaround and corporate recovery services. JLA works with a broad range of clients, spanning private equity and hedge fund investors, financial institutions, corporations, government organizations, and individuals. JLA's approach is characterized by regional and industry expertise, combined with practical operating experience, uncompromising integrity and a pragmatic focus on results. Please visit <http://www.johnleesassociates.com> for more information.

### **Safe Harbor Statement**

This press release contains certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, including, without limitation, statements about its business or growth strategy, general industry conditions including availability of copper or recycled scrap copper, future operating results of the Company, capital expenditures, expansion and growth opportunities, bank borrowings, financing activities and other such matters, are forward-looking statements. Although the Company believes that its expectations stated in this press release are based on reasonable assumptions, actual results may differ from those projected in the forward-looking statements.

Please note that information in this press release reflects management views as of the date of issuance.

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